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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5693-N-04]

Implementation of the Privacy Act of 1974, as amended;

Action to Modify and Terminate an Existing System of Records Publication

AGENCY: Office of the Chief Information Officer.

ACTION: Notice Modification and Termination.

SUMMARY: Pursuant to the Privacy Act of 1974 (U.S.C. 552a (e) (4)), as amended, and Office of Management and Budget (OMB), Circular No. A-130, the Department of Housing and Urban Development (HUD), Office of Assets Sales provides notice that it wishes to alter the “Delinquent/Default/Assigned/Temporary Mortgage Assistance Payments Program” system of records publication. Subsequent modifications include a system name change to “Federal Housing Administration Loan Sale File”, the removal and addition of new data disclosure requirements, and refinement to the categories of: “Individuals Covered by the System” and “Records Maintained by the System”. Consequent changes meet the threshold requirements for filing a report with OMB and Congress. All revisions are conducted to reflect the present status of the information contained in this system. This notice supersedes and terminates the “Delinquent/Default/Assigned/Temporary Mortgage Assistance Payments Program” system of records. The record system will continue to be utilized in the marketing of housing assets, to identify qualified potential purchasers, and to solicit bids for assets.

This system supports HUD's FHA Single Family Asset Sales liquidation functions. As such, potential investors will be granted preview rights to sample mortgage records pursuant to an executed agreement. A more detailed description of the purpose of the system is contained in the purpose section of this notice.

DATES: EFFECTIVE DATE: This notice shall become effective, without further notice **[Insert 30 days upon publication of this notice in the Federal Register]**, unless comments are received during or before this period which would result in a contrary determination.

COMMENTS DUE DATE: [Insert date that is 30 days after publication in the Federal Register].

FOR FURTHER INFORMATION CONTACT: Donna Robinson-Staton, Chief Privacy Officer, 451 Seventh Street SW, Washington, DC 20410 (Attention: Capitol View Building, 4th Floor), telephone number: (202) 402-8073. [The above telephone number is not a toll free number.] A telecommunications device for hearing- and speech-impaired persons (TTY) is available by calling the Federal Relay Service's toll-free telephone number (800) 877-8339.

Authority: 5 U.S.C. 552a; 88 Stat. 1896; 42 U.S.C. 3535(d).

July 12, 2013
Dated

Barbara Elliott
Acting Chief Information Officer

[Docket No. FR-5693-N-04]

SYSTEM OF RECORDS NO.: SFH/HWS.1

SYSTEM NAME: Federal Housing Administration Loan Sale File - -
Replacement for the Delinquent/Default/Assigned/Temporary Mortgage Assistance
Payments Program.

SYSTEM LOCATION: 451 Seventh Street SW, Washington, DC 20410. Debt
Exchange, Inc., 133 Federal Street, 10th Floor, Boston, MA 02110 will maintain some
records on the loan sale program, and NARA for archival purposes.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Mortgagors with HUD/FHA insured single-family mortgages that are delinquent or in
default; mortgagors seeking assistance to prevent foreclosures; and mortgagors whose
mortgages are held by HUD.

CATEGORIES OF RECORDS IN THE SYSTEM: Records in this system
consist of the following information which is provided to HUD by mortgage servicing
entities that include: Mortgage loan origination information and servicing histories, loss
mitigation and payment histories, notices of delinquent mortgages, FHA case numbers,
current unpaid principal balance, current scheduled principal and interest payment, current
interest rate, day month and year through which the mortgage is paid, date of last payment,
amount of last payment, payments in last 12 months, escrow balance, mortgage rate,
origination date, original balance, first payment date, maturity date, original term,

remaining months to maturity, payment frequency, date of last modification, manner in which title held, subordinate liens and lien priority, original appraised value, original loan to value ratio, borrower credit scores and date of credit report, borrowers' current income, mortgage debt to income ratios, borrower employment status, date foreclosure initiated, borrower bankruptcies, date loan referred for foreclosure, date of complaint or petition for foreclosure, date of foreclosure sales, deeds of trust; and related correspondence. In addition, records in the system will include loan payment performance information and information pertaining to the history of the servicing of the loan, which include the number of default episodes, the length of the between loan origination and the first default episode, and information pertaining to prior loan modifications files.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM: The authority for maintenance of the system: Sec. 204(g) of the National Housing Act 12 U.S.C. 1710(g).

PURPOSE(s): The Federal Housing Administration ("FHA") Loan Sale File is used to make financial information available to prospective investors purchasing defaulted FHA-insured loans. The FHA insures mortgages on single-family homes and pays insurance claims to lenders upon the mortgagor's default. After paying an insurance claim submitted by a lender on a defaulted mortgage loan, the FHA must utilize various disposition strategies to reduce claim costs and maximize recoveries to the mortgage insurance funds. One such disposition strategy is the FHA Loan Sale Program, which offers pools of defaulted single-family loan for competitive bid at auction. Investors purchase the loans based on their determination of potential returns following acquisition. In order to maximize recovery to FHA and enable prospective purchasers to calculate

pricing, FHA makes due diligence information available to prospective bidders. This information consists of detailed loan-level information, which is reviewed by bidders to evaluate investment potential. The availability of this due diligence information enhances pricing, improves returns, reduces claim costs and maximizes recovery to the FHA insurance funds.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH: In addition to those disclosures generally permitted under 5 U.S.C. 552a(b) of the Privacy Act. In addition to those disclosures generally permitted under 5 U.S.C. 552a(b) of the Privacy Act, HUD may disclose information contained in this system of records without the consent of the subject individual in accordance with its discretionary disclosures, when such disclosure is compatible with the purpose for which the record was collected providing that approval is obtained from the HUD's system manager, only after satisfactory justification has been provided to the system manager, records may be disclosed. Please refer to HUD discretionary blanket routine uses ¹to see those uses that may be applicable to this system. Other routine uses applying to this system are as follows:

- (a) To the Internal Revenue Service for the purpose of administering tax reporting requirements
- (b) To General Accounting Office for the purpose of performing audit for investigations, or oversight of operations as authorized by law, but only such information as is necessary and relevant to such audit or oversight function.

¹ <http://portal.hud.gov/hudportal/documents/huddoc?id=append1.pdf>

(c) To HUD loan sale contractors to assist in the marketing and sale of loans, real estate, or other assets held by the HUD; due diligence information provided by prospective bidders will be granted pursuant to an executed confidentiality agreement.

(d) To prospective purchasers (or any other individual or entities) who have signed an executed confidentiality agreement.

(e) **To consumer reporting agencies:** Disclosure pursuant to 5 U.S.C. 552a(b)(12).

Pursuant to 5 U.S.C. 552a(b)(12), disclosures may be made to a consumer reporting agency as defined in the Fair Reporting Act (15 U.S.C. 1681a(f) or the Federal Claims Collection Act of 1966 31 U.S.C. 3701(a)(3)

**POLICIES AND PRACTICES FOR STORING, RETRIEVING,
ACCESSING, RETAINING, AND DISPOSING OF RECORDS IN THE SYSTEM:**

STORAGE: In file folders, desks and on computer server, magnetic tapes, drums, and discs, and NARA for archival purposes.

RETRIEVABILITY: Name; case file number, property address.

SAFEGUARDS: Records are maintained in lockable file cabinets; access to automated systems is by passwords and code identification cards access limited to authorized personnel. Access to due diligence information by prospective purchasers is subject to execution of a Confidentiality Agreement including specific requirements for the safeguarding of Personally Identifiable Information.

RETENTION AND DISPOSAL: All electronic due diligence files received and posted by FHA contractors are returned to FHA's Asset Sales Office at the expiration of the contract term. Electronic data files returned to HUD by contractors are maintained in accordance with HUD's Records Disposition Schedule, Handbook 2225.6, 7.1-10; Retain ,

archive, destroy as designated by schedule. Records can be destroyed when the destruction date is reached. As such, manual records will be destroyed by shredding or burning; electronic records will be disposed in accordance with IT Security Handbook 2400.25, 4.7.6.

SYSTEM MANAGER(S) AND ADDRESS: Director, Asset Sales Office, Department of Housing and Urban Development, 451 Seventh Street, SW, insert room number, Washington, DC 20410.

NOTIFICATION AND ACCESS PROCEDURES: For information, assistance, or inquiry about the existence of records, contact the Chief Privacy Officer, Department of Housing and Urban Development, 451 Seventh Street SW, Room 4156, Washington, DC 20410. (Attention: Capitol View Building, 4th Floor). Provide verification of your identity by providing two proofs of official identification. Your verification of identity must include your original signature and must be notarized. The Department's rules for providing access to records to the individual concerned appear in 24 CFR part 16.

CONTESTING RECORDS PROCEDURES: The Department's rules for contesting the contents of records and appealing initial denials, by the individual concerned, appear in 24 CFR part 16. If additional information or assistance is needed, it may be obtained by contacting:

(i) In relation to contesting contents of records, the Privacy Act Officer at the appropriate location.

(ii) In relation to appeals of initial denials, the HUD Departmental Privacy Appeals Officer, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street SW, Washington, DC 20410.

RECORD SOURCE CATEGORIES: The source of records are subject individual; other individuals; current or previous employers; credit bureaus; financial institutions; other corporations or firms; Federal Government agencies; non-federal government (including foreign, state and local) agencies; law enforcement agencies.

SYSTEM EXEMPTED FROM CERTAIN PROVISIONS OF THE ACT:
None.

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